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ABSTRACT

This study examined work alternatives for middle-aged and older persons from two perspectives. The first perspective focused on personnel policies of the employer that relate to the development and administration of employment options. The second perspective concentrated on public policy variables that influence or could influence the availability of options through their effect on both employer policy and older persons' use of work alternatives. Seven employment options tailored for the specific use of middle-aged and older Americans by progressive employers were evaluated. A case study method was used with information obtained through telephone interviews with managers of 25 companies with progressive personnel policies. The employment options included job sharing, phased retirement, labor pools of retired personnel for part-time work, active job recruitment of older persons to fill open positions, job redesign, job transfers, and retraining programs. It was found that managers provide employment options to middle-aged and older personnel when it is in their organization's best interest to do so; this is, the options represent an inexpensive human resource tool for managing older workers. It was also determined that few older workers take advantage of the work options, principally because of lack of communication between management and workers and because of the reduced income such options often entail. The findings of the study point to the need for government marketing strategies useful in selling employment options to employers, unions, and older persons. (KC)

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A HUMAN RESOURCE MANAGEMENT PERSPECTIVE ON WORK ALTERNATIVES FOR OLDER AMERICANS

by

Carolyn E. Paul

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Introduction

In the past, research efforts focusing on work alternatives for middle-aged and older Americans have concentrated on gathering descriptive information on work alternatives. This information has most often been collected by advocacy groups who have highlighted the positive aspects and outcomes of employment programs for older workers (Jacobson, 1980; McCarthy and Rosenberg, 1981; Work in America Institute, 1980). To formulate policy options that can be carried out by government, business and the aging network, policymakers require information that moves beyond descriptive literature to a more objective analysis of the implementation and outcomes of work alternatives, as well as the policy factors on which management decisions are based in developing them.

This study examined work alternatives for middle-aged and older persons from two perspectives. The first perspective focused on personnel policies of the employer that relate to the development and administration of employment options. The second perspective concentrated on public policy variables that influence or could influence the availability of options through their effect on both employer policy and older persons' utilization of work alternatives. It was assumed that an analysis of the role and interdependence of both sets of independent variables would enable better understanding of the potential directions for policy initiatives to increase employment options in the future.

Seven employment options which have been tailored for the specific use of middle-aged and older Americans by employers were evaluated. These options included two part-time work schedules, (1) job sharing, and (2) phased retirement; two employer hiring strategies for increasing the number of older individuals employed in their organizations, (3) the development of labor pools of retired personnel for part-time work arrangements and (4) active job recruitment targeted specifically toward older persons to fill open positions; and three work alternatives involving changes in the nature of the work being performed, (5) job redesign, (6) job transfers and (7) retraining programs.

Managers in twenty five organizations participated in a telephone survey to determine how the individual work alternatives had been "packaged and delivered" to older employees. These executives were responsible for the administration of the work programs in their organizations. They held the positions of Director of Personnel, Administrator of Employee Relations, Manager of Employee Benefits, or Vice President of Human Resources.

All of the organizations surveyed have become nationally known for their progressive personnel policies targeted toward retirement-age workers. They have been identified in the popular press as offering model employment programs to older personnel. These institutions

included five aircraft and aerospace engineering companies, five high-technology product manufacturers, three banks, three insurance companies, three public education institutions, one municipal government, one publishing company, one fast food chain, one employment agency, one mail delivery firm, and one retail-trade organization.

It was found that the organizations shared internal features in common. First, they were described as "employee-oriented," being concerned about the welfare and morale of their workers. A number of the managers interviewed used the phrase "A happy employee is a productive employee" within the context of discussing the importance of treating workers fairly so as to encourage maximum workforce productivity. In essence, work alternatives were perceived as a type of employee benefit, as is health insurance, a benefit that, when provided, contributes to high morale and ultimately high work performance. Secondly, the organizations were portrayed as "forward thinking," focused upon long-term, as well as short-term, planning issues. For example, the decline in the number of young workers anticipated to occur within the next ten years was frequently mentioned as a problem now being planned for. The provision of employment options found attractive by older persons was seen as an inexpensive way of beginning to accommodate an older workforce. A third trait was that of the managers themselves. On the average, the work alternatives were conceived of and designed by older managers concerned about their own aging. And lastly, the majority of the sample organizations were non-unionized. Only six of the twenty five had unions. In these instances, the unions had been supportive of the offering of work options to older personnel; in two cases, it was at the request of the unions that management decided to provide the options.

Case Study Illustrations of the Work Alternatives

Four research questions guided the data collection process. These questions included:

1. In what type of organizational forms do work alternatives for middle-aged and older persons exist, i.e. how are the options physically made available to older employees?

2. What are the management objectives to be met in offering the options to senior staff and retirees?

3. To what extent are middle-aged and older workers and retirees utilizing the options?

4. In what way(s) has government policy influenced the provision of options by employers and their utilization by employees?

This section of the report presents brief case study illustrations of the seven types of work alternatives evaluated. These program

illustrations offer background information useful in understanding the current development of employment options for middle-aged and older individuals.

PART-TIME WORK SCHEDULES: JOB-SHARING AND PHASED RETIREMENT

Case Study 1: Job-Sharing - One public school district was faced with the prospect of having to layoff teachers due to declining enrollment. Management's preference was not to layoff "the last hired," representing the youngest, as well as most of the minority teachers in the district, but rather to reduce the workload of retirement-age teachers. The desire was to maintain a young workforce. As a result, a job-sharing program was implemented, being targeted to the "over 55" instructors. These teachers were offered a continuation of full fringe benefits with a 50 percent reduction in pay if they elected to work half-time by sharing their jobs with other staff; pension credits would continue to accrue at the full-time wage rate.

In the beginning, principals of the schools in which job-sharing was elected were skeptical about two teachers in one classroom being able to maintain continuity of instruction and student discipline, but they became convinced of the benefits of the program during the first year. Layoffs were avoided and students were observed to benefit from the experience. The provision of the job-sharing option was later written into the labor-management contract with the teachers' union. There were some administrative costs assumed in forming the teaching teams and added fringe benefit costs involved in continuing full benefit coverage for part-time staff. Also, extended illness of one of the team teachers posed the problems of finding a substitute teacher and disrupting the continuity of teaching styles. None of these problems, however, were age-related.

Essentially, this job-sharing program was designed by management to provide an alternative to employee layoffs. Rather than simply encourage early retirement among older teachers, job-sharing was used as a means of promoting a voluntary reduction in their work hours to ease the overstaffing problem. The program was made financially attractive through the continuation of full employee benefits. Media attention to the option was also arranged to increase its attractiveness to teachers. Positive byproducts of the program have been maintenance of teacher morale during a long period of job insecurity, an improved public image of the school district, and reduced labor costs.

Case Study 2: Phased Retirement - Prompted by both the passage of the 1978 amendments to the Age Discrimination in Employment Act and the elimination of the state mandatory retirement age, a public university created a phased retirement program. With the enactment of these two pieces of legislation, the University became concerned that young, non-tenured professors would increasingly be unable to receive promotions if more older faculty were to remain working with the

University in their later years. Feeling pressured to promote retirement among the faculty, the program was originally designed for faculty members only but was later extended to all staff.

All University employees age 60 or older who have accumulated twenty or more years of service are eligible for the program. Employees who are approved for the program assume a work schedule that is reduced gradually over the specified period of phased retirement or may receive a reduced appointment that remains the same for the entire period. Salary is based upon a percentage of the regular full-time pay. Any amount of the employee's pension income may be drawn during the phase-out period with the only limitation being that the pension income and combined salary not be more than the full-time wage rate for the position in any year. Staff using the option continue to be eligible for all University fringe benefits as part-time workers; the school continues its regular contributions to the medical, disability, and life insurance benefits that are based on the part-time, rather than the full-time, salary. For employees drawing some pension income, pension contributions are also based upon the part-time salary received. Most option proposals are approved for a two-year period, being specified in a written contract agreed upon by the employee and the University administration.

Pre-retirement seminars offered three times a year have been used to promote the option, along with publicity in the faculty and staff newsletters. Approximately 10 percent of those employees eligible to phase out have chosen to do so. Most of the employees eligible to Social Security benefits defer receipt of these benefits until after they have completed the program, due to the income restrictions mandated by the retirement earnings test. The cost of administering the program has been described as high, given the large amount of paperwork involved in assigning employees phased retirement status and the staff time spent in arranging their part-time schedules with their respective departments. It was speculated that if the national mandatory retirement age of 70 was eliminated, the University would more actively promote the option and possibly lower the age of eligibility.

HIRING STRATEGIES FOR INCREASING THE NUMBER OF OLDER EMPLOYEES: RETIREE LABOR POOLS AND TARGETED JOB RECRUITMENT

Case Study 3: Retiree Labor Pools - Finding it very expensive to use temporary workers provided by a local job placement agency, the management of a large bank developed a labor pool of retirees who would be quickly available to work on temporary, part-time work assignments. The bank had also been experiencing problems with a number of the workers sent out by the placement agency; the managers felt that in using their own retirees they would know the type of work that could be expected from them. To promote the program, the Employee Benefits Department began formally announcing it in its retirement seminars and the company newsletter.

Retirees have been rehired for tax accounting and secretarial positions, involving no supervisory responsibilities. While the employees are offered no fringe benefits, they do continue to receive full pension benefits during their employment. On the average, 200 retirees have been used on an annual basis. With the impact of the recession, a number of these employees have been requesting to work more hours. The bank does not permit a retiree to work 1000 or more hours in a given year.

Management has been supportive of the program since it has adequately met the need for temporary workers. Using the retirees has permitted a continuity of work flow achieved only through the utilization of workers who already know the organization. The visibility of the retirees to customers has been felt to have contributed to an increase in the number of older consumers using the bank, and turnover costs have been minimal for this temporary workforce. The major cost to the bank in having this program has been in the provision of liability insurance for the rehired workers. Some managers have also experienced frustration over the fact that some of the retirees are very selective about the type of work that they will do. Moreover, those retirees who receive Social Security benefits will limit their hours of work so that they will not exceed the limitation set by the retirement earnings test, thus making themselves less available to work than desired by management.

In general, management tends not to favor the elimination of national mandatory retirement or the raising of the age for full Social Security benefits from 65 to 68. They believe that these policies would encourage their retirement-age workers to defer retirement, thus reducing the number of retirees available for their rehiring program.

Case Study 4: Targeted Job Recruitment - Several years ago, one fast food chain began to nationally recruit older persons for entry level positions through its different franchises throughout the country. This was a business decision made by top management at the request of a number of franchise owners that more older workers were needed by the company to "stabilize" its young workforce, a workforce composed primarily of high school and college students. The franchise owners voiced concern about the high turnover, high absenteeism, and frequent late arrivals of their young employees. As a result of this request, state employment agencies were contacted to recruit older persons for permanent part-time hostess and food crew positions. Large sign boards picturing older-looking, gray-haired employees serving customers were placed in many franchises with job applications attached to them. Television ads were also run.

The response to their recruitment program was favorable. The company hired a sizeable number of retired persons wanting to supplement their incomes through part-time employment. The major costs of the program were in the area of media advertisements. There have been some

intergenerational personnel problems with younger managers supervising older worker food crews. But for the most part, the company believes they have reduced turnover costs, started to stabilize their young workforce, and created a positive public image about their interest in the older person. Overall, it is believed that the number of older customers has increased. Management has stated that the decision to recruit more older persons was a decision based upon the profit motive rather than solely upon a sense of social responsibility.

CHANGES IN THE NATURE OF THE WORK: JOB REDESIGN, JOB TRANSFERS, AND RETRAINING PROGRAMS

Case Study 5: Job Redesign - In an effort to contain employee benefit costs, one high technology product manufacturing company began to monitor all extended disability and workers' compensation claims. In so doing, it was discovered that middle-aged and older employees receiving these benefits would tend to remain at home and not return to work when they had physically recovered from their injury or illness, continuing to claim full disability coverage. As managers began discussing how to deal with this problem, an older employee preparing to retire offered to work part-time during retirement to encourage workers receiving some form of disability pay to return to work as soon as physically possible. Upon retiring, this employee was retained on a permanent part-time basis and later full-time as a job placement worker to determine if the disabled employee could be encouraged to come back to work through redesigning his job to make it less physically or mentally stressing. After a short period of time, this personnel practice became formalized into a company policy, given that it was estimated to save nearly one-half a million dollars a year in employee benefit costs.

For an employee to qualify for job redesign, he must provide written verification from a physician that there are specific aspects of his work that he can no longer physically perform. In turn, the placement officer works with the manager of the employee's division to find ways to modify his job. This may be accomplished by providing equipment to assist him in physical aspects of the job or through the elimination of specific duties.

The program has been well received by the employees, and management continues to promote it. Not only has it saved the company money in employee benefit expenditures but has assisted the company in retaining productive employees. It is the company's philosophy that it is better to retain an employee when possible than to hire a new worker who must be trained, given that training costs are expensive for the type of technical work required of the worker.

Case Study 6: Job Transfers - When managers in a high technology product manufacturing firm began considering ways in which to increase workforce productivity, the employees union requested that older

employees in physically-taxing jobs be provided job alternatives. The option of transferring aging employees to less demanding positions on a voluntary basis was acceptable to both labor and management, eventually being written into a contractual agreement. The company was willing to offer this work alternative to older employees for two reasons. First, it provided a way of maintaining the job performance of older workers who were experiencing difficulty with the physical demands of their work, and secondly, it provided a way of avoiding potential personnel problems in cases where an older employee could no longer perform his job.

For an employee to be eligible for this program, he must be age 55 with at least 15 years of service or age 50 with at least 20 years of service. If the salary of the new position that he is transferred into is lower than his original job salary, an average is taken of the two salaries, representing what he will receive on the new job. Also, the older employee requesting a transfer must be able to perform the new job or be available to be trained to do it. This option is currently open only to production-related workers, workers who work at physically-stressing jobs. Also, it is now part of the labor-management agreement that upon transfer, the worker is no longer eligible for promotion in the future.

At the onset, management was reluctant to institute this policy but has since then supported it. Approximately 10 to 15 percent of the workers eligible to exercise the option have done so. There have been labor costs associated with the salary averaging process, i.e. it would be cheaper to pay another worker the salary of the second job than to pay an average-of-jobs salary to the older transferred employee. There has also been some worker resentment toward employees who have exercised the option; the tranferred workers are sometimes viewed as a "productivity liability" by the work crews they are transferred to. Overall, however, the company is satisfied with the program, given that the probability of on-the-job accidents and the disability costs that are attached to them, have been reduced.

Case Study 7: Job Retraining - An aerospace engineering firm became concerned about how its older engineers would adapt to the rapid change from analog to digital technology taking place in the mid 1970's. Management was faced with the alternatives of laying off those engineers whose skills were becoming outdated or retraining them. It was decided that retraining would be less expensive than hiring younger, more up-to-date engineers, given that the company is in a location where it is difficult to recruit professional people. It was also felt that the retraining would be helpful in remotivating older staff who appeared to be "coasting" until retirement. Consequently, a voluntary, in-plant retraining program was created. Courses are offered during the lunch break and in the early evenings, being taught by in-house staff. The training is offered in the major departments of the company in order that it be specialized for each work unit. Twenty eight different

courses are now being offered each semester. The program is advertised in a brochure published by the Personnel Department and is frequently discussed in the employee newspaper that circulates each week.

Management has been supportive of the retraining given that company policy favors the continued education of its professional staff. But new expenditures have been made to develop and maintain the program. Instructor salaries and textbook materials, which are supplied at no cost to employees, are the major budget items. One of the problems of the program has been that not all departments in the organization can financially afford to participate in it.

Approximately 22 percent of the company workforce participates in the retraining. Management actively promotes the program given that it is expected that nearly 40 percent of its workforce will be eligible to retire within the next 10 years; the philosophy is that the retraining should encourage a number of the older engineers to defer retirement and continue working. In essence, the program serves two primary functions for management: in the short-run, it provides a means of regularly up-dating the skills of older engineers who find it difficult to keep up with changing technology and in the long-run, it is a mechanism that may prove useful in promoting an extension of their worklife so as to have the company meet the labor shortage problems it anticipates experiencing in the near future.

The Findings

THE FORMS OF WORK ALTERNATIVES

As observed in the case study illustrations, the innovative work alternatives being offered middle-aged and older Americans today exist in two forms. They are offered either as formally structured programs or become available through personnel practices informally exercised by managers and supervisors. Table 1 points to the finding that five of the seven employment options examined in this study can be considered formal programs. A formal program is one in which the provision of a work option has been documented in writing in personnel policies and procedures manuals, labor-management contracts, or employee-supervisor contracts, or has been regularly announced in employee communications such as in-house newsletters or pre-retirement seminars.

During the last several years, two types of formal programs, i.e. labor pools of retired personnel for part-time work assignments and phased retirement programs, have assumed a "high profile" through the concerted efforts of high-level executives who have promoted these work alternatives in public appearances before business and gerontological groups. Given the high visability provided these programs, employer awareness and interest has been increased regarding the benefits incurred by an organization using these options. In effect, the attention focused upon these programs has most likely contributed to the

TABLE 1

Forms of Innovative Employment Options Designed for Middle-Aged a.d Older Americans

Formal Programs		Informal Personnel Practices
High Profile	Low Profile	
Labor pools of retired personnel for part-time work assignments	Job-sharing	Job redesign
Phased retirement	Training and retraining	Job transfers
	Job recruitment targeted to older persons	

fact that these two options have quickly become the most available options among the range of work alternatives examined in this study.

In contrast, the "low profile" option programs, i.e. job-sharing, training and retraining programs, and job recruitment targeted to older persons, have not been actively promoted within the business community. These programs are presently offered to older employees on a limited basis in a small number of organizations.

Job redesign and job transfers are options that have not been formalized into special programs targeted for older personnel. Rather they are offered to workers on an individualized basis through discussions between employees and first-line supervisors. Less than a dozen organizations appear to be exercising these personnel practices for retirement-age employees. These options have received minimal public attention, leaving the employer community with very scant information about their utility.

MANAGEMENT OBJECTIVES IN PROVIDING THE WORK ALTERNATIVES

Most of the options became available to older personnel during the mid 1960's or late 1970's. More specifically, eleven of the companies offered their options for the first time during the 1962 to 1977 period, with another eleven having originally designed their programs from 1977 to 1982. The remaining organizations have always made the options available to their senior personnel.

Three human resource management objectives were identified as the underlying reasons for their organizations' interest in providing them. These included the need (1) to increase the number of older employees, (2) to encourage the retention of retirement-age workers and (3) to encourage the retirement of older workers. Table 2 identifies the specific types of options currently being used to achieve these objectives. Employers actively recruiting older persons for unfilled positions appear to be doing so with the conscious intent of increasing the number of jobs held by older individuals. Four reasons for wanting to meet this particular objective were given. Increasing the number of older persons holding jobs in their organizations was seen as a means of (1) attracting older consumers to their products and services, (2) meeting affirmative action standards, (3) "stabilizing" their young workforces in the belief that older workers will serve as role models to young employees in their commitment to "hard work," and (4) practicing long-range planning in that they expect their workforces to be older in the near future and feel that they should plan now for this by gaining experience in employing retirement-age individuals. A fifth, less often cited, reason was the idea that newly hired older persons, oftentimes being retirees, tend to be more content with holding entry-level jobs where there is currently high turnover among young workers, being less likely to want to move into career-ladder management positions; in time, this should result in a savings to the company through a reduction in

TABLE 2

Management Objectives of the Employment Options
by Type of Options Used to Meet the Objectives

To increase the number or jobs held by older persons	To promote the retirement of older employees	To encourage retention of older employees
Job recruitment targeted to older persons		Job redesign
Labor pools of retired personnel for part-time work assignments		Job transfers
		Training and retraining
	Job-sharing	
	Phased retirement	

turnover costs at entry-level positions. It was reported, however, that not enough time had elapsed for this hypothesis to be adequately tested.

Similarly, employers who have developed labor pools of retired personnel for part-time work arrangements have also done so, in part, to increase the number of older workers in their organizations. The job experience of these persons and their "corporate memory" of the history of the organization were identified as advantages gained from the use of retirees. The development of these labor pools serves still another, less manifest, purpose for management. Having this employment role open to retirees facilitates the promotion of retirement among employees who are willing to retire if they can work part-time during retirement. This may be desired by managers for two principal reasons: the workers being encouraged to retire and become a member of the labor pool may be "problem employees" who the company is no longer willing to deal with on a full-time basis, or the employees may be highly paid executives who would be less expensive to employ as part-time consultants in a labor pool than as full-time regular staff persons. Illustrative of this latter point, oftentimes retirees are rehired by their employers at a reduced salary without new employee benefit coverage. In essence, the utilization of retiree labor provides built-in human resource management flexibility for the employer. On the one hand, it can permit a relatively inexpensive use of productive workers during their retirement, while, at the same time, it can be used as a management tool for attracting certain types of employees into retirement who would be willing to exit from the organization if they could be given part-time status.

Job-sharing and phased retirement programs also promote flexibility in management decision-making. Traditionally, advocate organizations who promote the use of these options emphasize them as alternatives to full-time employment and full-time retirement. For organizations needing to retain long-service, senior staff persons, these two options do hold appeal to the older worker who would like to continue working part-time rather than elect full retirement. Yet for employers who must make "reductions in force," encouraging retirement-age personnel to use these part-time schedules can provide one alternative to the layoff of employees, as witnessed in Case Study 1. In addition, several managers indicated that the phased retirement option is a useful devise for "getting older workers to think about retiring" as they begin to experience working less than a full forty-hour work week.

Finally, managers who are faced with the need to retain older employees whose work performance may be negatively affected by skill obsolescence or by the physical demands of the job usually deal with such situations through the use of job redesign, job transfers, or retraining programs. More than any of the other options examined in this project, these three work alternatives are clearly being used to encourage older worker retention. In contrast to the other options, the

use of these options almost always require an expenditure of time and money to make changes in the nature of the work being performed by older employees.

The specific uses of the seven work alternatives by management do vary by the labor demands being experienced by the different industrial sectors of the economy. For example, high technology firms tend to be working to retain their older, experienced personnel through the use of job redesign, job transfers, and retraining programs. In contrast, "mature industries," e.g. banks and insurance companies, are promoting employment options that permit management flexibility in their use as business conditions shift from one extreme to another. Phased retirement programs and labor pools of retired personnel have become very popular in these businesses. Lastly, the fast food industry, as one example, has been recruiting older persons to fill entry-level positions in their relatively young workforces.

In summary, managers provide employment options to middle-aged and older personnel when it is their organizations' best interest to do so. While altruistic reasons are frequently cited in public statements by business spokespersons as evidence of their organizations interest in helping older Americans, these options serve a specific function for the employer - they represent an inexpensive human resource management tool for managing older workers. Three of the seven options, for example, have been shown to be as useful in promoting the retirement of older employees as they are in promoting employment alternatives to the normal work schedule. Only two of the options, i.e. labor pools of retired personnel and job recruitment targeted to older persons appear to have increased the number of jobs held by older people. Depending upon the nature of business conditions within an organization, the other options are being used to retain older employees or actually reduce the number of jobs held by aging Americans.

OLDER WORKER UTILIZATION OF THE WORK ALTERNATIVES

Generally speaking, even with the visability given the high profile programs, only a very small number of older workers and retirees have taken advantage of their availability. In all twenty five organizations surveyed, there have been far more older persons eligible to use the options than the number who have elected to use them. For example, in ten of the organizations, there have been less than two dozen "takers," representing, on the average, approximately five percent of those eligible to use the options. Three managers commented that during the recession retirement-age employees have appeared particularly reluctant to request use of these options "for fear of disturbing the status quo during a time when older workers are trying to hold onto their jobs."

Two other reasons for the low participation rate in these programs appear to be (1) the low level of management communication of the availability of the option to employees and (2) the reduction in salary

and employee benefits often attached to the part-time work schedules and job transfers. The high profile option programs are the most widely publicized and promoted by management among retirement-age personnel. At the other extreme, management prefers not to openly discuss the availability of job redesign and job transfer options but rather to use them informally when individual worker situations call for their implementation. It is interesting to note that in two of the companies, successful early retirement "buy out" programs have recently led to a reduction in the actual number of retirement-age employees available to use their employment options. In these instances, candidates for option usage have elected to be "bought out" by their employers and retire.

THE IMPACT OF PUBLIC POLICY

Past and Present Policy Influences - Public policy has been a driving force in the development of work alternatives for middle-aged and older Americans. In particular, federal legislation has had three measurable effects upon management's implementation of the options. Table 3 identifies these effects as (1) having stimulated the creation of certain options, (2) contributing to their structuring by managers responsible for their design and (3) exerting influence upon older workers' and retirees' utilization of them. Approximately one third of the managers interviewed reported that their organizations were motivated to actively recruit older persons for unfilled positions or to establish a part-time work program for older personnel upon the passage of the 1978 Amendments to the Age Discrimination in Employment Act. Two of the organizations were prompted to examine the age structure of their organizations and in doing so, temporarily recruited more workers over the age of 40 for open positions. Concurrently, six of the organizations demonstrated an attitude of uncertainty about the number of older workers who would continue to work for them beyond the age of 65. Ultimately, the creation of part-time work options was conceived of as a way of both providing an attractive employment alternative to the regular "9-to-5" work day for senior personnel and a mechanism for encouraging older employees to "think retirement." As earlier reported, there tends to prevail among some managers the belief that as full-time employed retirement-age workers move to part-time work schedules, they will become enticed to soon move into full-time retirement; the utilization of part-time work options is said to represent "the carrot on the stick" for some older workers to elect retirement.

The second effect of federal legislation, that of shaping the structure of certain options, has to do with the actual role that the Employee Retirement Income Security Act (E.R.I.S.A.) of 1974 has played in influencing managers' design of part-time work programs. More specifically, given that "the 1000 hour rule" mandates pension vesting for employees who work 1000 hours or more yearly, management usually restricts the number of annual part-time work hours to less than 1000 hours. All six of the retiree labor pool programs surveyed have this restriction built into their personnel policies. The attitude of the

TABLE 3

The Influence of Public Policy on the Evolution of the Employment Options

Policy Level	Policy Influence		
	Stimulated Employer Creation of Options	Shaped the Structure of Options	Influenced Older Persons' Utilization of Options
FEDERAL	1978 amendments to the Age Discrimination in Employment Act (ADEA)	The Employee Retirement Income Security Act of 1974 (ERISA)	The Social Security Retirement earnings test
STATE	Mandatory retirement age policy		
LOCAL			

managers interviewed about their programs was that if "the 1000 hour rule" was eliminated, their organizations would permit part-time personnel, particularly retirees, to work more hours.

Lastly, federal policy has had an effect upon the extent to which older persons have used certain of the options. The Social Security retirement earnings test was identified by eight of the managers as representing the greatest disincentive to work for Social Security beneficiaries. The managers administering retiree labor pools expressed frustration in the fact that once retirees who are receiving Social Security earn $6000, the 1982 maximum earnings limitation, they usually cease working, or they will limit their work hours, upon re-employment, so as not to exceed the $6000 limit. This common work pattern of many retirees not only restricts management's use of this type of employee but also is symbolic of the financial disincentive associated with prolonged employment during retirement. This is particularly a problem for retirees who command high compensation and thus reach the $6000 mark very quickly. In addition to this, E.R.I.S.A.'s provision that pension benefits for retirees who are re-employed for 40 or more hours in a calendar month may be suspended under certain circumstances (under multiemployer plans if the retiree is reemployed by an employer other than the one previously worked for) was identified as a second disincentive to work in retirement. The impact that this particular policy has had upon the number of retirees limiting their work hours, however, was reported to be minimal in comparison to the effect of the Social Security earnings test limitation.

Finally, some concern was raised by the managers regarding the Medicare cost-shifting provision of the 1982 Tax Equity and Fiscal Responsibility Act (T.E.F.R.A.). Twenty three of the twenty five managers interviewed stated that their organizations expected an increase in company health plan costs resulting from this legislation (effective January 1, 1983). This cost increase, however, was generally estimated to be minimal based upon the fact that the number of employees affected by T.E.F.R.A., those between the ages of 65 and 69, was currently less than one percent of their workforces, on the average. But if the number of employees in this range was to sizeably increase in the future, it was conjectured that management would have to "rethink" its employment option policies and practices targeted to older workers.

In summary, federal legislation of the last fifteen years has principally exerted influence upon the creation, design, and usage of the part-time employment options. Correspondingly, public policy has had no observable effect upon the implementation of the other work options, i.e. job transfers, job redesign, and retraining programs. This is to be expected given that these latter three options are designed to make changes in the nature of the work being performed by the older worker, changes that are made at the sole discretion of the employer. In contrast, government monitors, through legislation, the employer's decision to make changes in the work schedule, for the

protection of the American worker. Hence, employment alternatives involving a change in the hours of the work performed would be more susceptible to public policy influence. In effect, public policy establishes parameters around which part-time work options can be developed by employers, as well as used by employees.

In the past, federal policy, in contrast to state and local legislation, has had the greatest influence upon employer creation of employment options. The only piece of state legislation that was noted as having an effect was a state's mandatory retirement age policy. Managers located in organizations in the states of California and Connecticut, for example, commented on top management's watchful eye when their states eliminated their mandatory retirement ages. This policy change contributed to management's perceived need to explore the implementation of employment alternatives for older workers. No local policies were identified as having an effect.

Future Policy Influences - In looking at the total picture, government policy has never been designed to directly promote the development of the types of work alternatives evaluated in this study. Rather, it has indirectly contributed to the growth of the options through the 1978 A.D.E.A. amendments that essentially frightened some employers into finding more creative ways to manage an aging workforce. This short-term consequence of the amendments seems to have run its course. If and when more states move to eliminate their mandatory retirement age policies, perhaps some of the impetus created by the amendments will be picked up. But in essence, there is little regulatory action compelling managers today to offer employment alternatives that are targeted specifically to middle-aged and older persons.

All twenty five managers interviewed expressed the opinion that government should promote the continued development of work alternatives not through regulatory or tax policy mechanisms but through assuming an advocacy position on behalf of older Americans. Illustrative of this, four of the companies have participated in the Targeted Jobs Tax Credit (T.J.T.C.) program, all reporting negative experiences. Twelve of the "non-user" organization managers stated that they would never participate in a tax credit program, given that there appears to be more work involved in using the credits than actual benefits accrued from doing so. Only one manager of the twenty five interviewed reported that he believed his company would be interested in receiving future tax credits for the development of the new employment options for retirement-age personnel.

Following this line of discussion, all twenty five managers suggested that federal agencies, like the Department of Labor, disseminate information through literature and conferences for employers on the types of work programs desired by older people, as well as the most recent research evidence on the job capabilities of older workers.

The philosophy underlying this last recommendation was that the negative stereotypes held by management about the work performance of retirement-age workers need to be broken down before greater interest in creating work options can emerge. Government "marketing of the older worker" was put forth as the single most effective strategy in furthering national employer development of creative employment options for the older segment of the workforce.

Conclusions

This study has identified two key issues that are important in the creation of public policy action steps to further employer development of work alternatives for middle-aged and older Americans. On the one hand, specific factors appear to influence management's decision to implement these options, factors that policymakers need to be aware of in considering how to stimulate greater employer involvement in this area. And secondly, the set of variables that affect utilization of the already existing employment options by older persons is the other side of the equation to be considered. The project findings suggest the need to not only educate employers about the utility of different options in dealing with human resource management issues, but to also inform them about the conditions under which older persons are willing to utilize them once they have been made available.

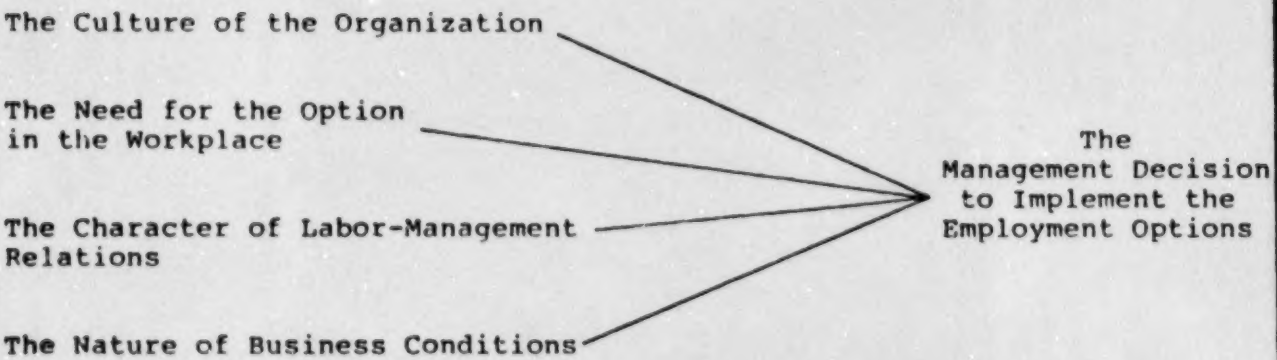
MANAGEMENT'S DECISION TO IMPLEMENT WORK ALTERNATIVES

As shown in Figure 1, four major factors have been identified as influencing management's decision to implement the employment options examined in this study. These factors include (1) the "culture" of the organization, (2) the need for the option in the workplace, (3) the character of labor-management relations, and (4) the nature of business conditions. The culture of an organization is represented in the public image that the institution projects and in the treatment of employees by management. In all cases, the organizational culture of the twenty five groups surveyed was characterized as being employee-oriented and forward-thinking. Also, in most of the organizations, there was a group of older managers who, out of a concern about their own aging, took a personal interest in addressing issues related to older personnel. In essence, the organizational environments were very supportive of the introduction of work alternatives for older staff.

In each of the organizations there was also a specific need for developing the option, a need related to the managing of human resources. Managers would find themselves in a position of needing to either increase the number of older persons employed by the organization or promote the retention or exit of retirement-age employees. The ability of managers to be able to use one employment option to serve several different personnel functions, e.g. using phased retirement to promote retirement or to promote worker retention, demonstrates the built-in flexibility provided by many of the options.

FIGURE 1

Major Factors Contributing to the Management Decision to Implement the Employment Options


The Culture of the Organization
The Need for the Option in the Workplace
The Character of Labor-Management Relations
The Nature of Business Conditions
The Management Decision to Implement the Employment Options

Traditionally, many labor unions have opposed personnel policies that encourage work in the later years of life, holding to the belief that early retirement is not only a "right" of older workers, but also contributes to the goal of full employment for younger workers. Unions are generally viewed as a major barrier to the development of employment options for older persons. In observing the relative ease with which managers were able to implement options in their organizations, this must be attributed, in part, to the fact that there were often no unions to deal with. Only six of the organizations were unionized. In two cases, the unions requested management to develop job transfer programs for their senior members who worked in physically-stressing jobs. The other four situations involved unions that were supportive of the creation of the two job-sharing programs and the two labor pools of retirees. Why were these six unions supportive? It appears that in each case, the unions felt that their older membership would gain from having the work alternatives. In particular, the two job transfer practices were viewed as necessary to relieve the physical strain of aging workers, one job-sharing program was implemented to avoid teacher layoffs, and the other job-sharing program was used to allow teachers to ease into retirement through the use of part-time schedules; lastly, the two retiree job pools were perceived as a means of helping retired employees supplement their eroding pension incomes during hard times. In other words, none of the six programs seemed to be viewed as taking jobs away from younger workers or infringing upon the right of older persons to retire.

Finally, the nature of business conditions dictates not only management's interest in using a particular option, but even more so, how a given option will be utilized during a particular time period. Case Study 1 serves as an example of how management saw the use of job-sharing as a means of avoiding teacher layoffs during times of low student enrollment. Certain employment options, i.e. job-sharing and phased retirement, lend themselves to being used to either encourage worker retirement when business conditions are poor and reductions in force are necessary or promote worker retention during boom times. The impact of the recession appears to have made it necessary for more managers to use these options to encourage retirement than has been the case in the past.

In summary, the culture of the twenty five organizations and the low involvement of unions provided an organizational environment conducive to the introduction of the employment alternatives. The actual need for the options in the workplace was the trigger mechanism that motivated management to create them. And lastly, the nature of business conditions dictated the specific functions that the options would serve for management.

USE OF THE WORK ALTERNATIVES BY OLDER AMERICANS

If work options for middle-aged and older persons are to continue to grow in number in this country, they must be used by older Americans. It is therefore important to understand the factors which encourage, as well as discourage, their utilization.

Given that older workers and retirees were not interviewed in this project, the reasons for their low participation can only be conjectured from the manager interviews. From this information, three variables appeared to influence the extent to which the options were used. As outlined in Figure 2, these variables included the degree to which management communicated the availability of the options to employees, the type of compensation and employee benefits provided with the options, and work restrictions imposed by federal employment policies regulating the number of part-time work hours. The first two variables are controlled by management; if managers want high utilization of the options, they usually promote them among workers through employee communications and by offering attractive employee benefit packages and appropriate salary with them. The third variable is beyond the control of management; government policy establishes specific boundaries around which managers are forced to design their part-time work alternatives.

Case Study 4 provides an illustration of how a management group that wanted to hire more older workers went about doing so. Public attention was drawn to the recruitment campaign through radio and television announcements and billboard displays. Consequently, the company was successful in hiring the desired number of older persons.

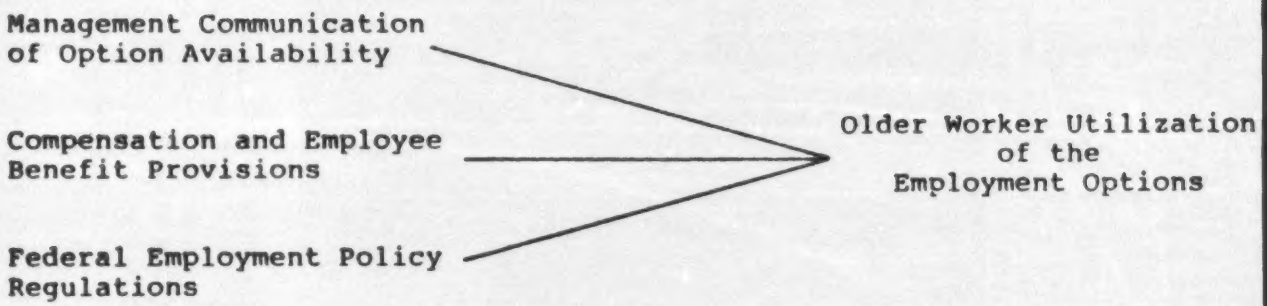
Case Study 7 demonstrates a situation in which employee benefit incentives were used to attract older engineers to a job retraining program to update their skills. All retraining expenses were assumed by the company, with classes being scheduled at times during the day that were most convenient to employees. The participation in this particular program has been high.

Case Study 3 points to the work limitations indirectly imposed upon Social Security beneficiaries. The retirement earnings test serves as a disincentive to employment once a beneficiary has earned the maximum amount of salary permitted without penalty. As a result, many beneficiaries restrict the amount of time they work to a specified number of hours equivalent to the maximum, without-penalty income limitation amount.

In essence, these three variables are workplace factors that can directly influence option usage. They represent areas in which employer and government action can be taken to increase utilization.

FIGURE 2

Major Factors Influencing Older Worker Utilization of the Employment Options


Management Communication of Option Availability
Compensation and Employee Benefit Provisions
Federal Employment Policy Regulations
Older Worker Utilization of the Employment Options

Implications for Public Policy

The findings of this report strongly point to the need for government marketing strategies useful in "selling" employment options to employers, unions, and older persons. A marketing program conducted by the federal government would directly contribute to the future growth of work alternatives. Such a program could include the following:

1. A series of conferences sponsored by the Department of Labor could be conducted to inform employers on (1) the work capabilities of people as they age and (2) management experience in using the different work alternatives. As earlier indicated, negative stereotypes held about older workers must be addressed before a number of managers will be willing to consider the creation of employment alternatives for older personnel. In addition, it is helpful for employers to know how work alternatives can be used to manage an aging workforce.

2. Dissemination materials designed to serve the two functions outlined above also need to be targeted to unions throughout the country. It would be useful to do this in the form of case studies illustrating collaborative efforts of management and labor in designing work alternatives for older workers.

3. The Department of Labor could work with the Administration on Aging to activate the aging network into disseminating information, as outlined above, to State Units on Aging and Area Agencies on Aging. Older Americans need to be educated about employment options to the extent that employers do. The current cohorts of older workers, for example, have been socially conditioned to accept work on the "9-to-5" schedule; they are not used to thinking in terms of using employment options. Traditionally, work alternatives such as part-time work and job transfers have had the "stigma of demotion" attached to them. An important part in the future development of employment options will be older workers' willingness to request that management provide them.

Finally, a liberalization of existing federal policies that provide disincentives to work in the later years of life, as embodied in the Social Security retirement earnings test and E.R.I.S.A.'s pension suspension policy, would enhance the attractiveness of work alternatives to older Americans.

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